



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 4
ATLANTA FEDERAL CENTER
61 FORSYTH STREET
ATLANTA, GEORGIA 30303-8960

SEP 21 2006

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. John Keener Hudson, President.
Safety & Environmental Manager
Signal Energy Holdings Corporation (Signal)
7982 Huey Road
Douglasville, Georgia 30134

SUBJ: RCRA Compliance Evaluation Inspection
EPA ID No: GAD 051 011 344

Dear Mr. Hudson:

On May 2, 2006, the United States Environmental Protection Agency (EPA) and the Georgia Environmental Protection Division (GA EPD) conducted a RCRA compliance evaluation inspection at your facility located in Douglasville, Georgia, in order to determine it's compliance status with RCRA.

Enclosed is the EPA RCRA Site Inspection Report which indicates that violations of RCRA were discovered. A copy of this report has also been forwarded to EPD.

If you have any questions, please contact Daryl Himes at (404) 562-8614.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Jeffrey T. Pallas", is written over a horizontal line.

Jeffrey T. Pallas, Chief
South Enforcement and Compliance
Section
RCRA Enforcement and Compliance Branch

Enclosure

cc: Mr. Jim McNamara - GA EPD



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SEP 21 2006

Mr. Mark Smith, Chief
Hazardous Waste Management Branch
Environmental Protection Division
Georgia Department of Natural Resources
Floyd Towers East, Room 1154
205 Butler Street, S.E.
Atlanta, Georgia 30334

SUBJ: RCRA Compliance Evaluation Inspection
Signal Energy Holdings Corporation
EPA ID No.: EPA I.D. Number: GAD 051 011 344

Dear Mr. Smith:

On May 2, 2006, an EPA oversight RCRA Compliance Evaluation Inspection was conducted by the United States Environmental Protection Agency (EPA) at the Signal Energy Holdings Corporation facility located in Douglasville, Georgia to determine the facility's compliance status with RCRA.

Enclosed is the EPA RCRA Site Inspection Report which indicates that violations of RCRA were discovered. Based upon the violations discovered during the referenced inspection, the facility is determined to be a Significant Non-Complier (SNC).

If you have any questions, please contact Daryl R. Himes at (404) 562-8614.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Jeffrey T. Pallas", is written over a circular stamp or seal.

Jeffrey T. Pallas, Chief
South Enforcement and Compliance Section
RCRA Enforcement and Compliance Branch

Enclosure

cc: Jim McNamara, GA EPD w/enclosure

RCRA INSPECTION REPORT

1) Inspector and Author of Report

Daryl Himes
Environmental Engineer

2) Facility information

Signal Energy Holdings Corporation (Signal)
7982 Huey Road
Douglasville, Georgia 30134

EPA ID No. GAD 051 011 344

3) Responsible Official

John Keener Hudson, President.
Safety & Environmental Manager

4) Inspection Participants

Daryl Himes - U.S. Environmental Protection Agency (EPA)
Jim McNamara - Georgia Environmental Protection Division (EPD)
Earl Shapiro - EPD
Glenwood Adams (Signal)
Mike Hudson (Signal)
Jim Subers (Signal)
John Keener Hudson - (Signal)

5) Date and Time of Inspection

May 2, 2006
10:00 a.m.

6) Applicable Regulations

Section 3004 and 3005 of RCRA, Title 40 of the Code of Federal Regulations (CFR), Parts 260 - 270 as adopted at Chapter 391-3-11 of the Georgia Hazardous Waste Management Act and Rules, Hazardous Waste Permit Number HW-101(D), Consent Orders EPD-HW-1096 and EPD-HW-1597.

Signal was in apparent violation of Section III.A. of the Hazardous Waste Permit (Permit Number: HW-101(D)) issued to this facility by the Georgia Environmental Protection Division by failing to manage its groundwater monitoring system in accordance with the requirements set forth at 40 C.F.R. § 264.97.

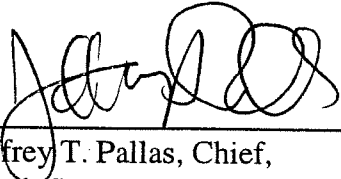
Former Refining Operations Inspection

Following the well depth and condition inspection, a walk through inspection of the facility's former refinery operations was performed. The following observations were made during this review:

During the well review of MW-2B and MW-2R, Pond #2 was observed to have an oil sheen of approximately one quarter inch oil on the surface of the unit at the time of the inspection. This determination was made by tossing rocks into various areas of the pond. A break in the oil sheen occurred anywhere a rock was tossed into the pond. **Signal was in apparent violation of Condition Number 16 of Consent Order EPD-HW-1096 (CO) dated July 8, 1994, which requires that it immediately remove any oil from the surface of its ponds.**

In the area of the facility entrance, former facility tanks 224, 225, 226, 227, 228 and 229 were observed to be in various states of removal (See attached photos). Tanks 224, 225 and 226, which were used for the storage of crude oil products produced by the facility, had been completely removed. Tanks 227, 228, and 229, which had been used in the refinery operations by the facility, were in varying stages of removal. Tank 229 had approximately three feet of the bottom of the tank remaining. This tank was covered with a blue plastic tarp. Tank 228 had less than three feet of the bottom of the tank remaining and was not covered. Only a small portion of the bottom of tank 227 was remaining. Staining of the soil and a lack of freeboard in the area of these former tanks were evident on the ground where these tanks previously existed. These facts are evidence that sludges from these tanks had been released to the ground during the partial tank removal or spilled out onto the ground after the partial tank removal had taken place. Photos of this area are attached to the report. As Tanks 227, 228, and 229 had been utilized by the facility for either primary or secondary oil/water separation of process wastewaters from the facility's refining operations, any sludges remaining in the bottoms of the tanks or that which had been spilled and/or released during the partial tank removal would meet the definition of a F037/F038 listed hazardous waste and would need to be managed as such.

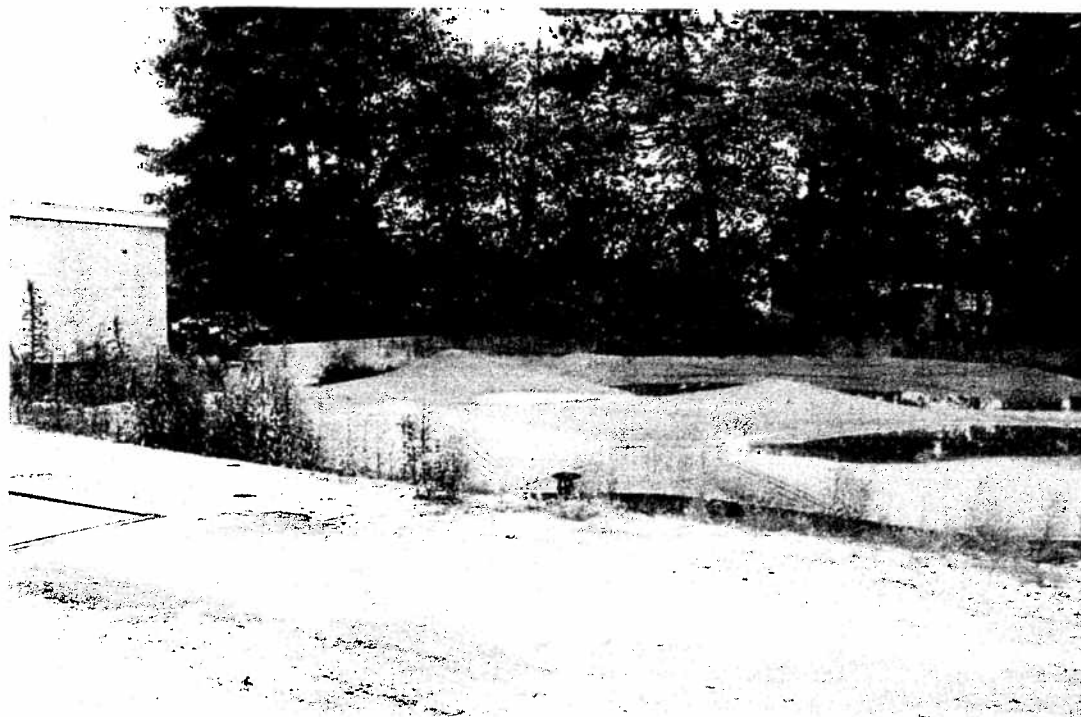
Signal was in apparent violation of the following RCRA requirements for discharging F037/F038 hazardous wastes onto the ground in the area of Tanks 227, 228, and 229 at its facility:

11) Concurrence and Approval

Jeffrey T. Pallas, Chief,
South Section
RCRA Enforcement and Compliance Branch

9-15-06

Date



EPA Photo #1 - Tank Number 129



EPA Photo #2 - Tank Number 129 (tarped) and part of Tank Number 128



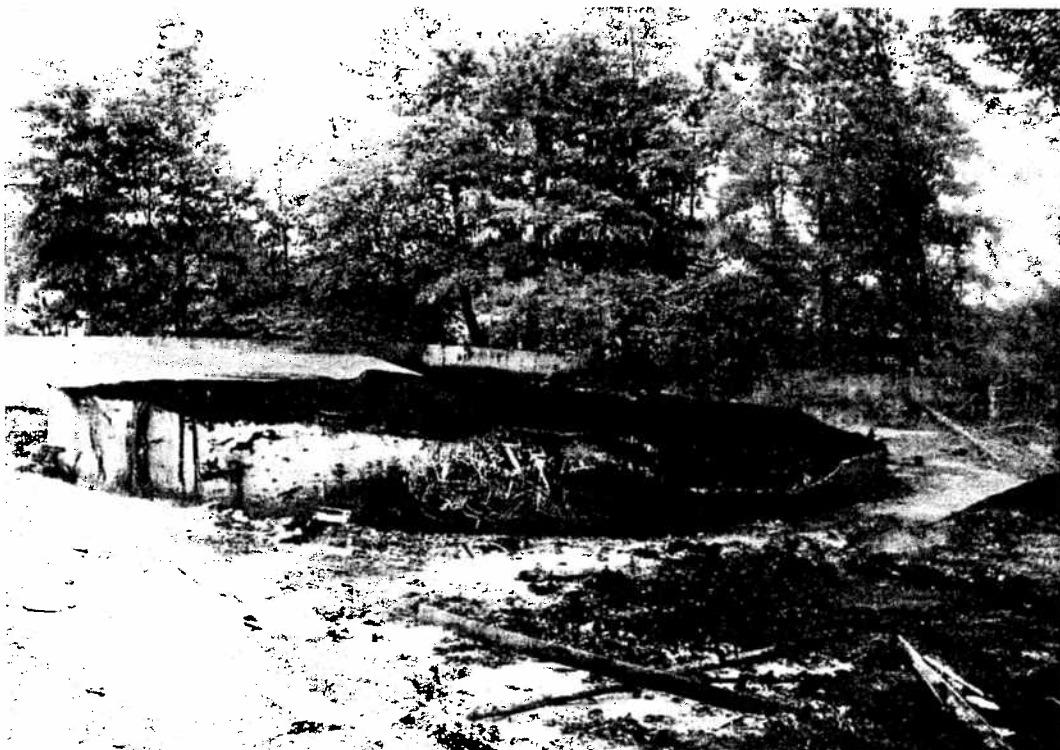
EPA Photo #3 - Tank Number 128



EPA Photo #4 - Area of Former Tank Numbers 127, 126, 125, 124



EPA Photo #5 - Area of Former Tank Numbers 127, 126, 125, 124



EPA Photo #6 - Tank Number 127 foreground, Tank #128, and Tank #129